

**World Class Extractions Inc.  
(formerly, CBD Med Research Corp.)**

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1: Name and Address of Company**

World Class Extractions Inc. (formerly, CBD Med Research Corp.) (the “Company”)  
#810- 750 W. Pender Street  
Vancouver, BC  
V6C 2T7

**Item 2: Date of Material Change**

April 16, 2019.

**Item 3: News Release**

A news release was issued and disseminated on April 16, 2019 and filed on SEDAR at [www.sedar.com](http://www.sedar.com), a copy of which is attached hereto as Schedule “A”.

**Item 4: Summary of Material Change**

Pursuant to the Agreement, the Company has agreed to acquire, through a wholly-owned subsidiary, all of the issued and outstanding common shares of Quadron Cannatech Corporation (collectively, the “**Quadron Shares**”) by way of a statutory plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**Arrangement**”). Pursuant to the terms of the Arrangement, shareholders of Quadron (the “**Quadron Shareholders**”) will receive two (the “**Exchange Ratio**”) common shares of World Class (each, a “**World Class Share**”), for every Quadron Share held.

**Item 5.1: Full Description of Material Change**

See attached news release at Schedule “A” to this report.

**Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102 (Confidentiality)**

Not applicable.

**Item 7: Omitted Information**

No information has been omitted on the basis that it is confidential information.

**Item 8: Executive Officer**

For additional information with respect to this material change, the following person may be contacted:

Michael McCombie  
Chief Executive Officer  
Telephone: (855) 207-4491  
Email: [info@wcextractions.com](mailto:info@wcextractions.com)

**Item 9: Date of Report**

This report is dated as of the 25th day of April, 2019.



**SCHEDULE "A"**

Please see attached.

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## **WORLD CLASS AND QUADRON ENTER INTO ARRANGEMENT AGREEMENT**

**Toronto, ON; Vancouver, BC, April 16, 2019** – World Class Extractions Inc. (“**World Class**”) (CSE: PUMP) and Quadron Cannatech Corporation (“**Quadron**”) (CSE: QCC) are pleased to announce that they have entered into an arrangement agreement providing for the merger of the companies (the “**Agreement**”).

### **Summary of the Arrangement**

Pursuant to the Agreement, World Class has agreed to acquire, through a wholly-owned subsidiary, all of the issued and outstanding common shares of Quadron (collectively, the “**Quadron Shares**”) by way of a statutory plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**Arrangement**”). Pursuant to the terms of the Arrangement, shareholders of Quadron (the “**Quadron Shareholders**”) will receive two (the “**Exchange Ratio**”) common shares of World Class (each, a “**World Class Share**”), for every Quadron Share held.

The consideration values Quadron at approximately \$0.25 per Quadron Share, representing a premium of approximately 19% to the price of Quadron Shares compared to the closing price on April 12, 2019, and a premium of approximately 12.7% based on the trailing 15-day volume-weighted average price of each company as of the close of trading on April 12, 2019. Upon completion of the Arrangement, it is expected that Quadron Shareholders will receive approximately 143,300,894 World Class Shares, representing approximately 24.1% of the total issued and outstanding World Class Shares on a post-Arrangement basis.

### **Benefits of the Arrangement**

The proposed Arrangement offers a number of benefits to the shareholders of both World Class and Quadron. The combined entities will leverage Quadron’s technical expertise, established customer base and seasoned management team with World Class’ unique patent-pending technology and strong cash position resulting from its recent \$23,000,000 private placement. The proposed Arrangement would produce the following synergies:

- Quadron’s extraction and processing systems, which are automated and have been simplified relative to comparable technologies;
- A extensive roster of Quadron executives and employees that have been operating in the extraction and processing sector for over four years;
- An established and growing revenue stream, as demonstrated by Quadron’s revenue increasing by 132.54% for the nine months ended January 31, 2019 when compared to the same period in 2017;
- World Class’ unique patent-pending technology, which World Class anticipates will provide higher yields of full spectrum cannabis oil at faster rates and larger volumes than current extraction technologies; and
- A strong cash position resulting from World Class’ recently-closed private placement for gross proceeds of approximately \$23,000,000.

Rosy Mondin, CEO of Quadron, stated, "There is no doubt that the extraction and processing of cannabis oils will become an incredibly important facet of the overall cannabis industry. By bringing together Quadron and World Class, two complementary businesses, we are creating a stronger enterprise to achieve long-term growth and value creation for our shareholders. Strengthening

production and operations as key competitive factors and enhancing our prospects to innovate and lead, we are tightly aligned in our goal of becoming a global leader in the emerging, and rapidly growing, cannabis oils market.”

Michael McCombie, Chief Executive Officer of World Class, added, “The merger of Quadron and World Class positions World Class to become a global leader in extraction, processing, and large-scale processing of CBD from hemp. Quadron’s team of seasoned executives and proven ability to generate revenue in the extraction sector is exactly what World Class needs in order to separate ourselves from the pack, and take a leadership position in the nascent extraction sector.”

### **Management and Directors**

Upon completion of the Arrangement, the board of World Class will be reconstituted to comprise five directors, including two directors nominated by World Class, two directors nominated by Quadron and one independent director acceptable to both World Class and Quadron. With respect to the management team of World Class upon completion of the Arrangement, Rosy Mondin will serve as the Chief Executive Officer and Leo Chamberland will serve as President.

### **Advisors**

M Partners Inc. has provided a fairness opinion to the Board of Directors of Quadron that the Arrangement is fair, from a financial point of view. First Republic Capital Corporation (“**First Republic**”) is acting as financial advisor to World Class. In addition to other fees and expenses payable to First Republic, World Class is required to pay a success fee (the “**Success Fee**”) to First Republic and Canaccord Genuity Corp. upon closing of the Arrangement equal to, respectively, approximately 2.73% and 0.77% of the aggregate fair market value of the World Class Shares issuable by World Class to Quadron’s shareholders, and payable in World Class Shares.

### **Boards of Directors’ Recommendations**

The Board of Directors of World Class, and the Board of Directors of Quadron have both unanimously approved the proposed Arrangement.

Directors, management and certain key Quadron Shareholders representing over 23% of the issued and outstanding Quadron Shares have signed lockup agreements to vote their respective Quadron Shares in favour of the Arrangement.

### **Further Details**

The Arrangement will be implemented through a triangular amalgamation under the *Business Corporations Act* (British Columbia) in which a wholly-owned subsidiary of World Class will amalgamate with Quadron to become a wholly-owned subsidiary of World Class and Quadron Shareholders will receive World Class Shares based on the Exchange Ratio.

Upon closing of the Arrangement: (i) all outstanding stock options of Quadron will be adjusted in accordance with the stock option plan of Quadron and will be exercisable for World Class Shares on the basis of the Exchange Ratio; and (ii) all unexercised Quadron Share purchase warrants will be adjusted in accordance with the terms of the warrant certificates governing such Quadron Share purchase warrants such that they shall be exercisable to purchase World Class Shares on the basis of the Exchange Ratio and will expire in accordance with their current expiry dates.

The Agreement contains representations and warranties for the benefit of each of World Class and Quadron, conditions relating to shareholder, court and regulatory approvals, material adverse

changes and compliance with the Agreement as are in each case customary in comparable transactions of this nature.

Completion of the Arrangement is subject to a number of conditions being satisfied or waived by one or both of World Class and Quadron at or prior to closing of the Arrangement, including: approval of the Quadron Securityholders, together with any requisite minority approvals; and receipt of all necessary regulatory and court approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature.

The Agreement includes deal protection provisions that are customary in Canadian board-supported transactions on the part of both Quadron and World Class (subject to customary fiduciary out provisions). There is a mutual break fee commensurate with a transaction of this size being \$1,500,000.

Details of the Arrangement, including a summary of the terms and conditions of the Arrangement Agreement, will be disclosed in a management information circular of Quadron, which will be mailed to Quadron Shareholders and will also be available on SEDAR at [www.sedar.com](http://www.sedar.com). The Agreement will also be filed on the SEDAR profiles of each of World Class and Quadron.

It is expected that the special meeting of Quadron Shareholders (the "**Meeting**") to approve the proposed Arrangement will be held in early June 2019 and, if approved at the Meeting, it is expected that the Arrangement would close approximately a week thereafter.

This announcement is for informational purposes only and does not constitute an offer to purchase, a solicitation of an offer to sell any shares or a solicitation of a proxy.

### **About World Class**

World Class is a Canadian based developer of an innovative extraction process for both the hemp and cannabis industry. The Company intends to provide single step continuous flow extraction services to the hemp and cannabis industry. Using patent pending technology, World Class' results produce higher yields and better quality crude hemp oil at faster rates. The technology allows the extraction of CBD Oil and other related extracts from wet or dried natural plants. World Class can save its clients floor space, utility drying costs, equipment and processing labour costs.

For more information, visit: [www.wcextractions.com](http://www.wcextractions.com).

On behalf of the Board of Directors of  
**WORLD CLASS EXTRACTIONS INC.**

Michael McCombie  
Chief Executive Officer  
mike@wcextractions.com

### **About Quadron**

Quadron, through its wholly owned subsidiaries, provides turn-key extraction and processing solutions for the cannabis industry including proprietary industrial grade equipment, custom build processing facilities, ancillary products, and scientific services. Quadron delivers streamlined, costeffective and innovative solutions to help licensed growers, producers and processors develop market ready products all to achieve quicker ROI.

For more information, visit: [www.quadroncannatech.com](http://www.quadroncannatech.com).

On behalf of the Board of Directors of  
**QUADRON CANNATECH CORPORATION**

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*Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.*

**Cautionary Note Regarding Forward-Looking Statements:** *Certain disclosures in this release constitute forward-looking statements, including: obtaining Quadron shareholder and final court approval of the Arrangement; composition of the board of directors and management of World Class upon completion of the Arrangement; and timing and completion of the Arrangement. In making the forward-looking statements in this release, the parties have applied certain factors and assumptions that are based on the parties' current beliefs as well as assumptions made by and information currently available to the parties. Although the parties consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. The parties do not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.*